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SIPDIS
SENSITIVE

STATE FOR EUR (DAS DICARLO) AND EUR/SCE (PFEUFFER, MCCLUNG)
SARAJEVO PLS PASS TO DAS DICARLO

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SUBJECT: MACEDONIA: SCENESETTER FOR EUR DAS DICARLO'S JUNE
26-28 VISIT TO SKOPJE

RECOVERING FROM POST-ELECTION BLUES

¶1. (SBU) Welcome back to Skopje! The country is slowly recovering from the post-election blues it suffered after the badly-flawed June 1 early Parliamentary elections. Re-run elections on June 15, despite incidents of group, proxy, and family voting, were an improvement over the June 1 balloting, confirming VMRO's 63-seat absolute majority in Parliament and giving opposition DUI 18 MPs to DPA's 11. A weakened SDSM managed to garner only 27 seats, prompting Radmila Sekerinska to announce she was stepping down as head of the party. A third round of re-run voting has been announced for June 29, with re-voting taking place in 15 polling stations.

SENDING OUT COALITION FEELERS

¶2. (U) The new Parliament was constituted on June 19, with DPA boycotting the proceedings due to its unhappiness over the June 15 re-runs. On June 21, President Crvenkovski gave PM Gruevski the mandate to form a new governing coalition; he has 20 days to do so; VMRO insiders tell us they expect the new government to be constituted by mid-July. Local media report that Gruevski will hold tentative coalition talks with DUI and DPA, and will ask both to accept his "expanded" 100-steps governing program as the price for joining his coalition. He also will ask for their views on the name issue as part of the vetting process.

¶3. (SBU) In response to media speculation that Gruevski could invite both/both DUI and DPA to join a coalition government, senior DUI representatives have told us they strongly oppose serving in a coalition that includes their DPA rival. They accuse DPA, with good reason, of committing the bulk of electoral irregularities during the June voting, and of perpetrating most of the acts of violence that marred the elections. In the event Gruevski insists on including DPA in a coalition with DUI, DUI will insist on SDSM being included in the government, which would leave the Parliament with no opposition party (SDSM likely would refuse the offer anyway). DPA too insists it cannot work in a coalition government that includes DUI, claiming that DUI's victory in the June 15 re-runs was not legitimate. DPA also is threatening to sue the SEC and Supreme Court over their decisions ordering the June 15 re-runs.

KOSOVO BORDER DEMARCATION AND RECOGNITION

¶4. (SBU) Although the Prime Minister and FM Milososki consistently complain, without basis, of Kosovar foot-dragging, the Macedonian-Kosovar Joint Technical Commission (JTC) has made good headway on border demarcation since it was constituted earlier this year. The JTC will travel to the Macedonia-Albania-Kosovo trilateral border point on June 24 to identify and mark the location for the laying of the first border marker, to be officially unveiled on June 30. (NOTE: The GoM is working to identify a country willing to airlift the 2.3 ton border marker -- the Swiss are currently considering taking on that mission. END NOTE.) From June 26-27, the three sides and the ICO will meet in Ohrid to sign a protocol on the triborder demarcation.

¶5. (SBU) In a June 20 meeting with the Ambassador, FM Milososki indicated that if border demarcation moved ahead according to plan, the GOM hoped to have key border stones in place by August 25. If that happened, he said, Macedonia would be "positively inclined" to recognize Kosovo. Comment: We are not convinced the PM and Foreign Minister are serious about this offer, but we need to use Milososki's claim to push them further on recognition. End comment.

NAME AND NATO: REFERENDUM COULD THWART PROCESS

¶6. (SBU) According to Macedonian name negotiator Dimitrov, the last round of name discussions in New York was "more difficult than any previous meeting," with the Greek side more strident in insisting that Macedonia accede to its

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demands, including a geographic modifier and broad scope of use (erga omnes). Athens also insists on exclusivity over claims to ancient heritage, and refuses to accept continued use of "Macedonian" to describe nationality or language. Nimetz has floated, as "food for thought," some variations on "Northern Macedonia" as a possible solution, and reportedly will travel to Skopje June 27 for consultations with the GOM. Crvenkovski and Gruevski met on June 23 to coordinate positions and reaffirmed as a top priority preservation of the country's national identity, according to press accounts.

¶7. (SBU) PM Gruevski is determined to submit to a referendum any proposal Nimetz puts forward, without first having taken a position on the proposed solution. He is not inclined to lobby for or support the proposal until the citizens have voted for it in the referendum. That approach could thwart progress toward a solution, given the low likelihood that the "50 percent plus 1 vote" turnout requirement for a referendum to succeed could be met without intensive engagement by the government.

TENDER PROCESS, SORE SPOT IN COMMERCIAL TIES

¶8. (U) The U.S. firm GE Healthcare recently bid on a 40 million euro Macedonian tender for the purchase of healthcare equipment. The original tender was clearly written to favor other bidders, primarily Siemens of Germany, and we advocated strongly on behalf of a revised tender procedure to level the playing field. The GOM revised the tender specifications, but not in a manner which satisfied all of GE's concerns. Given continued doubts about the fairness or transparency of the tender process, GE decided not to submit a bid, and Siemens currently seems likely to win the tender. Our assessment is that the tender process was, at minimum, poorly administered, if not rigged to favor Siemens's equipment, and should be redone to allow Macedonian citizens to receive the best equipment at the best price.
Milovanovic